GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:192
ANSWERED ON:01.08.2003
LIQUIDITY SUPPORT TO BANKS
T.M. SELVAGANAPATHI

Will the Minister of FINANCE be pleased to state:

(a) whether many banks have witnessed sudden withdrawal of amount by depositors throughout the country for unknown reasons;

(b) if so, the details thereof;

(c) whether the Reserve Bank of India extends liquidity support to banks facing sudden and unforeseen liquidity;

(d) if so, the details thereof;

(e) whether any banks have approached the RBI with a request to rescuethem from their sudden and unforeseen liquidity problems; and

(f) if so, the details thereof and the reaction of the RBI thereto ?

Answer

FINANCE MINISTER (SHRI JASWANT SINGH)

(a): No, Sir.

(b): Does not arise.

(c) to (f): Under Section 17 of Reserve Bank of India Act, RBI can extendiquidity support to banks facing sudden and unforeseen liquidity problems. Recently, such support was extended to ICICI Bank Ltd., which faced largescale withdrawals reportedly triggered by certain press reports emanating in Gujarat. RBI granted Rs.809 crores against Government of India securitiesfor four days to enable this Bank to meet the anticipated heavy cash withdrawals